

Mohave County, Arizona
SINGLE AUDIT REPORTING PACKAGE
Year Ended June 30, 2008

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Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with *Government Auditing Standards*

Auditor General of the State of Arizona

The Board of Supervisors of
Mohave County, Arizona

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Mohave County, Arizona as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 31, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's basic financial statements that is more than inconsequential will not be prevented or detected by the County's internal control. We consider items 08-01, 08-02, and 08-03 described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider items 08-01 and 08-03 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Mohave County's responses to the findings identified in our audit are presented on pages 13 and 14. We did not audit the County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Festen & Chapman P.C.

March 31, 2009

**Independent Auditors' Report on Compliance with Requirements Applicable to
Each Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133**

Auditor General of the State of Arizona

The Board of Supervisors of
Mohave County, Arizona

Compliance

We have audited the compliance of Mohave County, Arizona with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, Mohave County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in the County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the County's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the County's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Mohave County as of and for the year ended June 30, 2008, and have issued our report thereon dated March 31, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, based on our audit, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Auditor General of the State of Arizona, the Board of Supervisors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Fester & Chapman P.C.

March 31, 2009

MOHAVE COUNTY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through Arizona Department of Education:			
National School Lunch Program	10.555	ED05 0001	\$ 36,569
Passed through Arizona Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HG361076	\$ 177,641
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HG861084	532,981
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	HP661311	52,265
<i>Subtotal CFDA 10.557</i>			762,887
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	HG661032	80,560
Commodity Supplemental Food Program	10.565	HG361102	1,014
Commodity Supplemental Food Program	10.565	HG861140	10,110
<i>Subtotal CFDA 10.565</i>			11,124
Passed through Arizona State Treasurer:			
Schools and Roads - Grants to States	10.665	None	503
Total U.S. Department of Agriculture			891,643
<u>U.S. Department of Housing and Urban Development</u>			
Housing Opportunities for Persons with AIDS	14.241	N/A	83,613
Section 8 Housing Choice Vouchers	14.871	N/A	1,868,695
Passed through Arizona Department of Housing:			
Community Development Block Grants/States Program	14.228	140-07	45,627
Community Development Block Grants/States Program	14.228	141-07	40,000
Community Development Block Grants/States Program	14.228	143-07	268,605
Community Development Block Grants/States Program	14.228	144-07	176,444
<i>Subtotal CFDA 14.228</i>			530,676
Supportive Housing Program	14.235	516-06C	51,135
Supportive Housing Program	14.235	523-06	27,903
Supportive Housing Program	14.235	532-07	84,259
Supportive Housing Program	14.235	528-08	7,837
Supportive Housing Program	14.235	535-08	10,571
<i>Subtotal CFDA 14.235</i>			181,705
HOME Investment Partnerships Program	14.239	305-06	165,386
HOME Investment Partnerships Program	14.239	301-08	101,930
<i>Subtotal CFDA 14.239</i>			267,316
Total U.S. Department of Housing and Urban Development			2,932,005
<u>U.S. Department of the Interior:</u>			
Payments in Lieu of Taxes: Fish & Wildlife	15.226	N/A	4,654
Payments in Lieu of Taxes: Bureau of Land Management	15.226	N/A	1,910,545
Payments in Lieu of Taxes: Bureau of Reclamation	15.226	N/A	100,000
<i>Subtotal CFDA 15.226</i>			2,015,199
National Fire Plan-Wildland Urban Interface Community Fire Assistance	15.228	N/A	67,668
Total U.S. Department of the Interior			2,082,867

(continued)

The accompanying notes are an integral part of this schedule.

MOHAVE COUNTY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008
(CONTINUED)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Justice			
Domestic Cannabis Eradication/Suppression Program	16.2007-07	N/A	\$ 10,000
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	\$ 32,092
State Criminal Alien Assistance Program (SCAAP)	16.606	N/A	22,098
<i>Subtotal CFDA 16.606</i>			54,190
Passed through Arizona Supreme Court-Administrative Office of the Courts			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	7-30-07	21,761
Passed through Arizona Criminal Justice Commission:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	PC-08-100	79,463
<i>Subtotal CFDA 16.738</i>			101,224
Crime Victim Compensation	16.576	VC-08-057	36,343
Enforcing Underage Drinking Laws Program	16.727	2007-OJJDP-016	5,302
Passed through Arizona Department of Public Safety:			
Crime Victim Assistance: Domestic Violence	16.575	2006-408	51,242
Crime Victim Assistance: Restitution Advocate	16.575	2006-409	62,136
Crime Victim Assistance: Colorado City	16.575	2006-410	43,939
<i>Subtotal CFDA 16.575</i>			157,317
Passed through Arizona Governor's Office for Children, Youth & Families, Division for Children:			
Juvenile Accountability Block Grants	16.523	JB-CSG-07-8274-07	5,593
Juvenile Accountability Block Grants	16.523	JB-CSG-08-9273-06	19,183
<i>Subtotal CFDA 16.523</i>			24,776
Passed through Arizona Supreme Court-Juvenile Justice Services Division:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	IGA - FY08	5,000
Total U.S. Department of Justice			394,152
U.S. Department of Labor			
Passed through Arizona Department of Economic Security:			
Employment Service/Wagner-Peyser Funded Activities	17.207	DE081154-001	4,607
Senior Community Service Employment Program	17.235	DES060645-1	103,226
Workforce Investment Act Cluster:			
WIA Adult Program	17.258	E5706008-1	74,781
WIA Adult Program	17.258	DE070299001	263,577
WIA Adult Program	17.258	E5706008	10,802
WIA Youth Activities	17.259	E5706008-1	56,855
WIA Youth Activities	17.259	DE070299001	244,727
WIA Youth Activities	17.259	E5706008-1	21,863
WIA Dislocated Workers	17.260	DE070299001	34,633
Passed through Gila County, Arizona:			
WIA Dislocated Workers	17.260	MOU - 04/06/06	5,000
WIA Dislocated Workers	17.260	IGA - 04/05/06	26,864
<i>Total Workforce Investment Act Cluster</i>			739,102

(continued)

The accompanying notes are an integral part of this schedule.

MOHAVE COUNTY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008
(CONTINUED)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Labor - Continued:			
Work Incentive Grants	17.266	DE081088-001	\$ 6,194
WIA Incentive Grants - Section 503 Grants to States	17.267	DE071141	\$ 2,164
WIA Incentive Grants - Section 503 Grants to States	17.267	DE081031	1,648
<i>Subtotal CFDA 17.267</i>			3,812
Total U.S. Department of Labor			856,941
U.S. Department of Transportation			
Passed through the Arizona Department of Transportation:			
Highway Planning and Construction	20.205	HIPA-10	2,251,511
Passed through the Governor's Office of Highway Safety:			
<i>National Highway Traffic Safety Administration Cluster:</i>			
State and Community Highway Safety	20.600	2008-AL-001	10,086
State and Community Highway Safety	20.600	2007-PT-003	2,130
<i>Passed through La Paz County, Arizona:</i>			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	410	33,577
<i>Total National Highway Traffic Safety Administration Cluster</i>			45,793
Passed through Arizona Emergency Response Commission:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	03/10/05	1,487
Total U.S. Department of Transportation			2,298,791
U.S. Environmental Protection Agency			
Passed through Arizona Department of Environmental Quality:			
Water Quality Cooperative Agreements	66.463	EV 05-0063	2,722
Total U.S. Environmental Protection Agency			2,722
U.S. Department of Education			
Passed through Arizona Supreme Court:			
Safe and Drug-Free Schools and Communities - State Grants	84.186A	IGA - FY08	132
State Grants for Innovative Programs	84.298	IGA - FY08	105
Title I Program for Neglected and Delinquent Children	84.013	IGA - FY08	22,892
Special Education - Grants to States	84.027A	IGA - FY08	6,235
Special Education - Grants to States	84.027	IGA - FY08	3,122
Passed through Arizona Department of Education:			
Special Education - Grants to States	84.027	H027A050007	10,000
<i>Subtotal CFDA 84.027</i>			19,357
Tech-Prep Education	84.243A	V243A060003	42,955
Tech-Prep Education	84.243A	V243A070003	114,339
<i>Subtotal CFDA 84.243A</i>			157,294
Improving Teacher Quality State Grants	84.367A	S367A060049	19,400
Improving Teacher Quality State Grants	84.367A	S367A070049	40,000
<i>Subtotal CFDA 84.367A</i>			59,400
Total U.S. Department of Education			259,180

(continued)

The accompanying notes are an integral part of this schedule.

MOHAVE COUNTY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008
(CONTINUED)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Elections Assistance Commission</u>			
Passed through Arizona Secretary of State:			
Help America Vote Act Requirements Payments	90.401	Public Law 107-252 10/29/02	\$ 9,360
Help America Vote Act Requirements Payments	90.401	Public Law 107-252 10/29/02	39,150
Help America Vote Act Requirements Payments	90.401	Public Law 107-252 10/29/02	67,810
Help America Vote Act Requirements Payments	90.401	Public Law 107-252 10/29/02	1,655
<i>Subtotal CFDA 90.401</i>			\$ 117,975
Total U.S. Election Assistance Commission			117,975
<u>U.S. Department of Health and Human Services</u>			
Passed through National Association of County and City Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	MRC 08 1145	10,000
Passed through Arizona Department of Health Services:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	HG754200	444,632
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	HG354182	76,330
<i>Subtotal CFDA 93.283</i>			520,962
Child Abuse and Neglect State Grants	93.669	05/1995	2,400
HIV Prevention Activities - Health Department Based	93.940	HG352236	9,027
HIV Prevention Activities - Health Department Based	93.940	HG852275	13,116
<i>Subtotal CFDA 93.940</i>			22,143
Maternal and Child Health Services Block Grant to the States	93.994	HP461323-003	8,916
Maternal and Child Health Services Block Grant to the States	93.994	HP461413-005	14,972
Maternal and Child Health Services Block Grant to the States	93.994	HG361141	83,849
Maternal and Child Health Services Block Grant to the States	93.994	HG854243	3,870
<i>Subtotal CFDA 93.994</i>			111,607
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	HG354253	7,570
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	HG854322	7,124
Passed through Arizona Family Planning Council:			
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	MOU-Chlamydia 03/09/04	579
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	MOU-Chlamydia 03/09/04	615
<i>Subtotal CFDA 93.977</i>			15,888
Family Planning Services	93.217	76-1107	110,398

(continued)

MOHAVE COUNTY, ARIZONA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008
(CONCLUDED)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass-Through Grantor's Number	Expenditures
<u>U.S. Department of Health and Human Services - Continued</u>			
Passed through Arizona Department of Economic Security:			
Grants to States for Access and Visitation Programs	93.597	DES060677-1	\$ 6,749
Passed through Western Arizona Council of Governments:			
<i>Aging Cluster:</i>			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	E6209004-204	\$ 11,297
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	E6209004-204	296,010
Nutrition Services Incentive Program	93.053	E6209004-204	96,923
<i>Total Aging Cluster</i>			404,230
National Family Caregiver Support, Title III, Part E	93.052	E6209004-204	833
Social Services Block Grant	93.667	E6209004-204	26,958
Passed through Clark County Social Services, Nevada:			
HIV Emergency Relief Project Grants	93.914	IGA 8/7/07	152,712
HIV Emergency Relief Project Grants	93.914	IGA5/20/08	63,022
<i>Subtotal CFDA 93.914</i>			215,734
Total U.S. Department of Health and Human Services			1,447,902
<u>U.S. Department of Homeland Security</u>			
Passed through Arizona Department of Emergency and Military Affairs:			
<i>Homeland Security Grant Program Cluster:</i>			
State Domestic Preparedness Equipment Support Program			
Homeland Security Grant Program	97.067	EMF-2004-GR-0401	15,060
Homeland Security Grant Program	97.067	None	128,963
Homeland Security Grant Program	97.067	2005-GE-T5-0051	24,627
Homeland Security Grant Program-Citizens Corp Program	97.067	222508-02	9,948
Homeland Security Grant Program	97.067	07-AZDOHS-HSGP	27,196
Homeland Security Grant Program	97.067	2006-GE-T6-0007	82,430
<i>Total Homeland Security Grant Program Cluster</i>			288,224
Emergency Food and Shelter National Board Program	97.024	None -10/01/99	1,722
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	FEMA 1586-DR-AZ-015-99015-00	128,931
Total U.S. Department of Homeland Security			418,877
<u>U.S. Office of National Drug Control Policy</u>			
Passed through Pima County Sheriff's Office:			
High Intensity Drug Trafficking Area Program XIV	07.HT16-06-1310	HT16-06-1310	130,788
Total U.S. Office of National Drug Control Policy			130,788
Total Expenditures of Federal Awards			\$ 11,833,843

The accompanying notes are an integral part of this schedule.

Mohave County, Arizona
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2008

NOTE 1 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Mohave County, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 - Catalog of Federal Domestic Assistance (CFDA) Number

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2008 *Catalog of Federal Domestic Assistance Update*. When no CFDA number had been assigned to a program, the two-digit federal agency identifier, a period, and the federal contract number were used.

NOTE 3 - Subrecipients

Mohave County did not have any subrecipients for the year ended June 30, 2008.

Mohave County, Arizona
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2008

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unqualified	
	Yes	No
Material weaknesses identified in internal control over financial reporting?	<u>X</u>	
Significant deficiencies identified not considered to be material weaknesses?	<u>X</u>	
Noncompliance material to the financial statements noted?		X

Federal Awards

Material weaknesses identified in internal control over major programs?		X
Significant deficiencies identified not considered to be material weaknesses?		X (None Reported)
Type of auditors' report issued on compliance for major programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?		X

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/States Program
14.239	HOME Investment Partnerships Program
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 355,015
Auditee qualified as low-risk auditee?	X

Other Matters

Auditee's Summary Schedule of Prior Findings required to be reported in accordance with Circular A-133 (section .315[b])?	X
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Mohave County, Arizona
Schedule of Findings and Questioned Costs
Year Ended June 30, 2008
(continued)

Financial Statement Findings

08-01 Inventory

For the fiscal year ended June 30, 2007, the County omitted inventory items totaling \$109,845 and \$182,994 in its I-40 Water Corridor and Golden Valley Improvement District funds, respectively. As a result, the County's beginning net assets in these two funds were understated. The County adjusted its beginning net assets for the fiscal year ended June 30, 2008 to correct for the omissions. The County should implement procedures to help ensure that inventories are recorded completely and accurately.

08-02 The County should strengthen controls over investment activities.

The Mohave County Treasurer's Office manages and invests more than \$126 million in public monies. To fulfill the responsibility of managing these monies, the County Treasurer's Office should have strong internal controls to safeguard public monies, promote overall operating efficiency and effectiveness, and ensure compliance with investment laws and regulations. However, at June 30, 2008, the County Treasurer's Office did not have adequate investment policies and procedures to ensure that timely reviews of its investment brokers' investment activities were performed and documented by authorized employees.

Because the County Treasurer's Office invests monies in United States agency securities and other investments outside of the Arizona State Treasurer's Investment Pool, it should have strong policies and procedures in place to monitor those investments. Therefore, to help ensure that the County Treasurer's Office adequately manages public monies of the County and other political subdivisions, the County should develop written investment policies and procedures for controlling, authorizing, and reviewing investment activities.

08-03 The County Treasurer's office should update and implement its policies and procedures.

While the Treasurer's office has written operating procedures, they are outdated and/or not followed. As a result, routine monthly tasks such as reconciling investment accounts and allocating gains, losses and interest had not been performed for a fourteen month period. The Treasurer's office should update and implement its policies and procedures to ensure that investment activities are recorded and allocated in a timely manner.

Federal Award Findings and Questioned Costs

There were no instances of noncompliance that are required to be reported.

Mohave County Financial Services



JOHN TIMKO
Finance Director

700 West Beale Street
P.O. Box 7000
Kingman, AZ 86402-7000

Phone: (928) 753-0735
Fax: (928) 753-0704

March 16, 2009

Debbie Davenport
Auditor General
2910 North 44th Street, Suite 410
Phoenix, AZ 85018

Dear Ms. Davenport:

The accompanying Corrective Action Plan has been prepared as required by U.S. Office of Management and Budget Circular A-133. Specifically, we are providing you with the names of the contact persons responsible for corrective action, the corrective action planned, and the anticipated completion date for each audit finding included on the current year's Schedule of Findings and Questioned Costs.

Sincerely,

Diane Melendez
Accountant Senior
Mohave County Financial Services department

Mohave County
Corrective Action Plan
Year ended June 30, 2008

Financial statement findings

08-01

Inventory

Diane Melendez-Financial Services Department

Zelda Wright – GVID and I-40 contact

Anticipated completion date: Already implemented, June 30, 2008

The department had new personnel at June 30, 2008 that made sure the inventory system was updated with the item costs. The Finance department will make sure that the department maintains the system and provides the necessary information at year-end to include in the financials.

08-02

The County should strengthen controls over investment activities

Diane Melendez-Financial Services Department

Vickie Oliver-Deputy Treasurer

Anticipated completion date: April 30, 2009

At the BOS meeting on 01/06/2009, the directive was given to form an Investment Oversight Committee that would require a majority vote prior to any investment transactions involving county funds. The committee has created an investment policy and will have a professional investment advisor on board by the end of April, 2009.

08-03

The County Treasurer's office should update & implement its policies and procedures

Diane Melendez-Financial Services Department

Vickie Oliver-Deputy Treasurer

Anticipated completion date: April 30, 2009

The Treasurer's office is currently in the process of analyzing all of the accounts and the goal is to have these balanced by 6/30/09. The position of Accountant has been re-opened and will be filled as soon as possible. The Accountant hired will have GFOA and UAMACT qualifications.